

House File 2466 - Introduced

HOUSE FILE 2466

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 687)

A BILL FOR

1 An Act relating to the assessment of certain housing rented or
2 leased to low-income individuals and families and including
3 applicability provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 426C.4, subsection 1, paragraph b,
2 subparagraph (1), Code 2014, is amended to read as follows:

3 (1) Property that is rented or leased to low-income
4 individuals and families as authorized by section 42 of the
5 Internal Revenue Code, as amended, ~~and that is subject to~~
6 ~~assessment procedures relating to section 42 property under~~
7 ~~section 441.21, subsection 2, for the applicable assessment~~
8 ~~year.~~

9 Sec. 2. Section 441.21, subsection 2, Code 2014, is amended
10 to read as follows:

11 2. In the event market value of the property being assessed
12 cannot be readily established in the foregoing manner, then
13 the assessor may determine the value of the property using
14 the other uniform and recognized appraisal methods including
15 its productive and earning capacity, if any, industrial
16 conditions, its cost, physical and functional depreciation
17 and obsolescence and replacement cost, and all other factors
18 which would assist in determining the fair and reasonable
19 market value of the property but the actual value shall not
20 be determined by use of only one such factor. The following
21 shall not be taken into consideration: Special value or use
22 value of the property to its present owner, and the goodwill or
23 value of a business which uses the property as distinguished
24 from the value of the property as property. However, in
25 assessing property that is rented or leased to low-income
26 individuals and families as authorized by section 42 of the
27 Internal Revenue Code, as amended, and which section limits
28 the amount that the individual or family pays for the rental
29 or lease of units in the property, the assessor shall, unless
30 the owner elects to withdraw the property from the assessment
31 procedures for section 42 property, use the productive and
32 earning capacity from the actual rents received as a method of
33 appraisal and shall take into account the extent to which that
34 use and limitation reduces the market value of the property.
35 The assessor shall not consider any tax credit equity or other

1 subsidized financing as income provided to the property in
2 determining the assessed value. The property owner shall
3 notify the assessor when property is withdrawn from section 42
4 eligibility under the Internal Revenue Code or if the owner
5 elects to withdraw the property from the assessment procedures
6 for section 42 property under this subsection. The property
7 shall not be subject to section 42 assessment procedures
8 for the assessment year for which section 42 eligibility is
9 withdrawn or an election is made. This notification must
10 be provided to the assessor no later than March 1 of the
11 assessment year or the owner will be subject to a penalty of
12 five hundred dollars for that assessment year. The penalty
13 shall be collected at the same time and in the same manner
14 as regular property taxes. An election to withdraw from the
15 assessment procedures for section 42 property is irrevocable
16 for as long as the property is owned by the owner who made the
17 election. Upon adoption of uniform rules by the department
18 of revenue or succeeding authority covering assessments and
19 valuations of such properties, the valuation on such properties
20 shall be determined in accordance with such rules and in
21 accordance with forms and guidelines contained in the real
22 property appraisal manual prepared by the department as updated
23 from time to time for assessment purposes to assure uniformity,
24 but such rules, forms, and guidelines shall not be inconsistent
25 with or change the foregoing means of determining the actual,
26 market, taxable and assessed values.

27 Sec. 3. APPLICABILITY. This Act applies to assessment years
28 beginning on or after January 1, 2015.

29

EXPLANATION

30 The inclusion of this explanation does not constitute agreement with
31 the explanation's substance by the members of the general assembly.

32 Current Code section 441.21(2) provides that in assessing
33 property that is rented or leased to low-income individuals
34 and families as authorized by section 42 of the Internal
35 Revenue Code, the assessor shall use the productive and

1 earning capacity from the actual rents received as a method of
2 appraisal and shall take into account the extent to which that
3 use and limitation reduces the market value of the property.
4 Code section 441.21 also provides that the assessor shall not
5 consider any tax credit equity or other subsidized financing
6 as income provided to the property in determining the assessed
7 value. Under current law, such property is no longer subject
8 to the section 42 assessment procedures when the property is no
9 longer eligible under section 42 of the Internal Revenue Code
10 and notice is provided to the assessor.

11 This bill allows a section 42 property owner to elect to
12 withdraw the eligible property from the section 42 assessment
13 procedures by filing a notice with the assessor no later than
14 March 1 of the assessment year. An election to withdraw
15 from the assessment procedures for section 42 property is
16 irrevocable for as long as the property is owned by the owner
17 who made the election.

18 The bill applies to property tax assessment years beginning
19 on or after January 1, 2015.